

**Exhibit 1**

MORRISON | FOERSTER

250 WEST 55TH STREET  
NEW YORK  
NEW YORK 10019-9601  
TELEPHONE: 212.468.8000  
FACSIMILE: 212.468.7900

WWW.MOFO.COM

MORRISON & FOERSTER LLP  
BEIJING, BERLIN, BRUSSELS, DENVER,  
HONG KONG, LONDON, LOS ANGELES,  
NEW YORK, NORTHERN VIRGINIA,  
PALO ALTO, SACRAMENTO, SAN DIEGO,  
SAN FRANCISCO, SHANGHAI, SINGAPORE,  
TOKYO, WASHINGTON, D.C.

April 17, 2015

Writer's Direct Contact  
+1 (212) 506.7341  
NRosenbaum@mofo.com

Via Express Mail

Ronald P. Gillis  
P.O. Box 380841  
Murdock, FL 33938-0842

Re: *In re Residential Capital LLC*, Case No. 12-12020 (MG) (Bankr. S.D.N.Y.) -  
Discovery Requested by Bankruptcy Court

Dear Mr. Gillis:

I write in connection with the direction of the Bankruptcy Court for the Southern District of New York to provide you with certain discovery.

At the hearing on your *Amended Motion for Relief of Automatic Stay Regarding "RFC" and "Homecomings Financial" to Pursue [sic] Discovery* [Docket No. 7785] filed in the Debtors' bankruptcy cases, the Bankruptcy Court directed the Liquidating Trust created pursuant to the Debtors' chapter 11 plan to "undertake a search of electronic records for any records that relate to the [you]." *See Tr. H'ring at 44:15-16.* The Court also directed the Liquidating Trust to attempt to locate your loan file and any servicing notes. *See id.* 45:12-21. The Court indicated, however, that searches of email correspondence was not necessary at this juncture. *See id.* at 1-2.

As I indicated to you after the hearing, Debtor Residential Funding Company, LLC ("RFC") acted only as the master servicer of your loan, and not the subservicer. This means that RFC was not involved in the day-to-day monitoring of your loan. Consequently, RFC (and the Liquidating Trust as its successor in interest) had access to only limited information regarding your loan. The Liquidating Trust has searched the electronic records that it believes were likely to contain information regarding your loan (excluding, at the Court's direction, email records) utilizing both your name and your property's address, consistent with the Court's direction.

Enclosed with this letter are copies of the following documents identified by the Liquidating Trust:

1. The Note relating to your loan;

MORRISON | FOERSTER

Ronald P. Gillis  
April 17, 2015  
Page Two

2. The loan file contained in RFC's records; and
3. Certain documents related to affidavits prepared by Wells Fargo Bank, N.A. as subservicer of your loan in connection with the foreclosure proceeding relating to your property.

Additionally, as a courtesy we have enclosed certain documents relating to the creation of the securitization trust into which your loan was transferred, including:

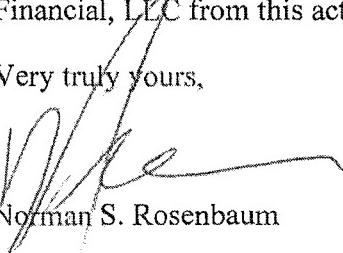
- a. Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006;
- b. Series Supplement, dated July 1, 2006; and
- c. Assignment and Assumption Agreement, dated July 28, 2006.

Additional information regarding the trust into which your loan was transferred is voluminous, and may be found at <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001366205&owner=exclude&count=40&hidefilings=0>.

Reference is made to your *Non-Pleading Correspondence*, dated March 20, 2015 (the "March 20 Correspondence") and your *Judicial Notice* [Docket No. 8367] filed in the above-captioned chapter 11 cases of Residential Capital, LLC and its affiliated debtors (the "Debtors") on March 27, 2015 (the "March 27 Correspondence"). In your March 20 Correspondence and March 27 Correspondence, you request certain specified information, some of which may not be included within the scope of the information for which the Court directed the Liquidating Trust to search. However, as described above, the enclosed documents include all documents that the Liquidating Trust was able to locate in its search for electronic records relating to you or your loan as expressly directed by the Court.

We also understand that you have not yet dismissed your pending action in the United States District Court for the Middle District of Florida, Case No. 14-cv-418, as it relates to GMAC Mortgage, LLC and Homecomings Financial, LLC. Consistent with the Court's direction in the enclosed opinion, we request that you dismiss GMAC Mortgage, LLC and Homecomings Financial, LLC from this action at your earliest convenience.

Very truly yours,

  
Norman S. Rosenbaum

**AFFIDAVIT OF NOTE IN COURT POSSESSION**

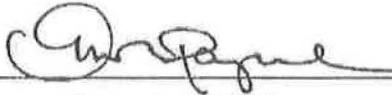
PERSONALLY appeared before me, Omar Yusuf Qanyare (the "Affiant"), who, upon being duly sworn, states on his/her oath as follows:

1. Affiant is a Vice President Loan Documentation employed by **WELLS FARGO BANK, N.A.** ("Wells Fargo"), Servicer.
2. I am authorized to make this Affidavit on behalf of **WELLS FARGO BANK, N.A., SERVICING AGENT TO DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE FOR RESIDENTIAL ACCREDIT LOANS, INC., MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATES, SERIES 2006-QS8**. In the regular performance of my job functions, I am familiar with business records maintained by Wells Fargo for the purpose of servicing mortgage loans and I have personal knowledge of the operation of and the circumstances surrounding the preparation, maintenance, and retrieval of records in Wells Fargo's record keeping systems. These records (which include data compilations, electronically imaged documents, and others) are made at or near the time by, or from information provided by, persons with knowledge of the activity and transactions reflected in such records, and are kept in the course of business activity conducted regularly by Wells Fargo. It is the regular practice of Wells Fargo's mortgage servicing business to make these records. I have acquired personal knowledge of all facts set forth in this affidavit by examining these business records.
3. **RONALD P GILLIS** executed and delivered to **WACHOVIA MORTGAGE CORPORATION** a certain Note dated **MAY 1, 2006** in the original principal amount of **\$146,150.00** with an interest rate of **6.875 %**. The Note was secured by a Mortgage executed by **RONALD P GILLIS**, the record owner of the property located at **21238 COACHMAN AVE, PORT CHARLOTTE, FLORIDA 33952**, dated **MAY 1, 2006**, and recorded on **MAY 05, 2006** in **CHARLOTTE COUNTY, FLORIDA**, in **BOOK 2961 AND PAGE 416-433 OR, as INSTRUMENT # 1547619**.
4. Upon information and belief, on **JUNE 18, 2009**, **JAMES E. ALBERTELLI, PA**, Counsel for **DEUTSCHE BANK TRUST COMPANY AMERICAS AS TRUSTEE**, submitted the original Note with **THE CIRCUIT COURT OF THE TWENTIETH JUDICIAL CIRCUIT IN AND FOR CHARLOTTE COUNTY, FLORIDA** in relation to

**DEUTSCHE BANK TRUST COMPANY AMERICAS AS TRUSTEE vs. RONALD P. GILLIS, ET AL.** As of APRIL 3, 2014, JAMES E. ALBERTELLI, PA confirmed that the Court still has possession of the Note. A copy of the Note is attached to this affidavit.

FURTHER AFFIANT SAYETH NAUGHT.

WELLS FARGO BANK, N.A., SERVICING  
AGENT TO DEUTSCHE BANK TRUST  
COMPANY AMERICAS, AS TRUSTEE FOR  
RESIDENTIAL ACCREDIT LOANS, INC.,  
MORTGAGE ASSET-BACKED PASS-  
THROUGH CERTIFICATES, SERIES 2006-  
QS8

Sign:   
Omar Yusuf Qanyare

Name: Omar Yusuf Qanyare

Company: WELLS FARGO BANK, N.A.

Title: Vice President Loan Documentation

Date: 04-10-14

State of Minnesota )  
County of Dakota )

Sworn and subscribed to before me this 10 day of April, 2014.

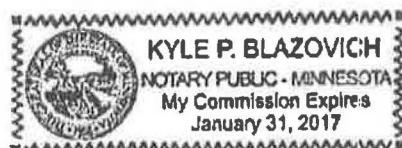
 (Signature)

(Stamp or Seal)

Name Kyle P. Blazovich

Notary Public

My Commission expires: Jan 31 2017



Recording Requested By:  
WELLS FARGO BANK, N.A.

CHARLOTTE COUNTY CLERK OF CIRCUIT COURT  
OR BOOK 3654, PGS 1347-1348 2 pg(s)  
INSTR # 2093516  
Doc Type ASG, Recorded 05/04/2012 at 11:38 AM  
Rec. Fee: \$18.50  
Cashediered By: MARGECL Doc. #1

When Recorded Return To:

1578  
DEFAULT ASSIGNMENT  
WELLS FARGO BANK, N.A.  
MAC: X9999-018  
PO BOX 1629  
MINNEAPOLIS, MN 55440-9790

Charlotte, Florida  
"GILLIS"

MERS #: [REDACTED] 1685 SIS #: 1-888-879-6377

CORPORATE ASSIGNMENT OF MORTGAGE

Date of Assignment: April 30th, 2012  
Assignor: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR WACHOVIA MORTGAGE CORPORATION, ITS SUCCESSORS AND ASSIGNS at BOX 2026 FLINT MI 48501, 1901 E VOORHEES ST STE C., DANVILLE, IL 61834  
Assignee: DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE FOR RALI 2006-QS8 at 1761 EAST SAINT ANDREW PLACE, SANTA ANA, CA 92705-4934  
Executed By: RONALD P GILLIS A SINGLE PERSON To: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR WACHOVIA MORTGAGE CORPORATION, ITS SUCCESSORS AND ASSIGNS  
Date of Mortgage: 05/01/2006 Recorded: 05/05/2006 In Book/Reel/Liber: 2981 Page/Folio: 416-433 as Instrument No.: 1547619 In the County of Charlotte, State of Florida.

Property Address: 21238 COACHMAN AVE, PORT CHARLOTTE, FL 33952

Legal: N/A

CORRECTIVE ASSIGNMENT

\*This assignment is being recorded to correct the scriveners error in the assignment recorded on July 15, 2009 as Instrument No. 1864249 in Book 3402, Page 750-750, as that assignment listed the assignee name as "Deutsche Bank Trust Company Americas as Trustee" and should have listed the assignee as "Deutsche Bank Trust Company Americas, as Trustee for RALI 2006-QS8".

KNOW ALL MEN BY THESE PRESENTS, that for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the said Assignor hereby assigns unto the above-named Assignee, the said Mortgage having an original principal sum of \$146,150.00 with interest, secured thereby, with all moneys now owing or that may hereafter become due or owing in respect thereof, and the full benefit of all the powers and of all the covenants and provisos therein contained, and the said Assignor hereby grants and conveys unto the said Assignee, the Assignor's beneficial interest under the Mortgage.

TO HAVE AND TO HOLD the said Mortgage, and the said property unto the said Assignee forever, subject to the terms contained in said Mortgage.

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR WACHOVIA MORTGAGE CORPORATION, ITS SUCCESSORS AND ASSIGNS

On 5/3/2012

By: Ramesch Vardan  
Ramesch Vardan  
Assistant Secretary

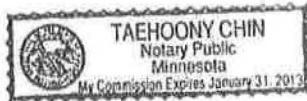
CORPORATE ASSIGNMENT OF MORTGAGE Page 2 of 2

STATE OF Minnesota  
COUNTY OF Dakota

On 5/2/2012, before me, TaeHoony Chin, a Notary Public in Dakota County in the State of Minnesota, personally appeared Ramesch Vardan, Assistant Secretary, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal,

  
TaeHoony Chin  
Notary Expires: 01/31/2013



(This area for notarial seal)

Prepared By: Yves Kenao, WELLS FARGO BANK, N.A. 2701 WELLS FARGO WAY, MAC X9998-018, MINNEAPOLIS, MN  
55467-8000 1-866-234-8271

Recording Requested By:  
WELLS FARGO BANK, N.A.

When Recorded Return To:

578  
  
DEFAULT ASSIGNMENT  
WELLS FARGO BANK, N.A.  
MAC: X9999-018  
PO BOX 1629  
MINNEAPOLIS, MN 55440-9790

CHARLOTTE COUNTY CLERK OF CIRCUIT COURT  
OR BOOK 3654, PGS 1347-1348 2 pg(s)  
INSTR # 2093516  
Doc Type ASG, Recorded 05/04/2012 at 11:38 AM  
Rec Fee \$18.50  
Cashiered By: MARGECL Doc #:1

CORPORATE ASSIGNMENT OF MORTGAGE

Charlotte, Florida  
"GILLIS"

MERS #: [REDACTED] 1685 SIS #: 1-888-879-6377

Date of Assignment: April 30th, 2012  
Assignor: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR WACHOVIA MORTGAGE CORPORATION, ITS SUCCESSORS AND ASSIGNS at BOX 2026 FLINT MI 48501, 1801 E VOORHEES ST STE C., DANVILLE, IL 61834  
Assignee: DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE FOR RALI 2008-QS8 at 1761 EAST SAINT ANDREW PLACE, SANTA ANA, CA 92705-4934  
Executed By: RONALD P GILLIS A SINGLE PERSON To: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR WACHOVIA MORTGAGE CORPORATION, ITS SUCCESSORS AND ASSIGNS  
Date of Mortgage: 05/01/2008 Recorded: 05/05/2008 In Book/Reel/Liber 2961 Page/Folio. 418-433 as Instrument No. 1547619 In the County of Charlotte, State of Florida.

Property Address: 21238 COACHMAN AVE, PORT CHARLOTTE, FL 33952

Legal: N/A

CORRECTIVE ASSIGNMENT

"This assignment is being recorded to correct the scriveners error in the assignment recorded on July 15, 2009 as instrument No. 1864249 in Book 3402, Page 750-750, as that assignment listed the assignee name as "Deutsche Bank Trust Company Americas as Trustee" and should have listed the assignee as "Deutache Bank Trust Company Americas, as Trustee for RALI 2008-QS8".

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TO HAVE AND TO HOLD the said Mortgage, and the said property unto the said Assignee forever, subject to the terms contained in said Mortgage.

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On 5/2/2012

By Ramesch Vardan  
Ramesch Vardan  
Assistant Secretary

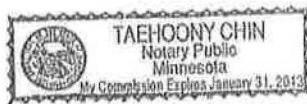
CORPORATE ASSIGNMENT OF MORTGAGE Page 2 of 2

STATE OF Minnesota  
COUNTY OF Dakota

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WITNESS my hand and official seal,

  
TaeHoony Chin  
Notary Expires 01/31/2013



(This area for notarial seal)

Prepared By: Yves Kenao, WELLS FARGO BANK, N.A. 2701 WELLS FARGO WAY, MAC X8989-018, MINNEAPOLIS, MN 55467-8000 1-866-234-8271

**First American Title Insurance Company**

**ALTA LOAN POLICY**

Agent's File Number: SW06102

Loan Policy Number: [REDACTED] 9218

**Schedule A, Continuation**

Lot 3, Block 1422, PORT CHARLOTTE SUBDIVISION, Section 27, a Subdivision according to the plat thereof as recorded in Plat Book 5, Pages 20A thru 20F, of the Public Records of Charlotte County, Florida.

**ENVIRONMENTAL PROTECTION LIEN ENDORSEMENT  
ISSUED BY**

**First American Title Insurance Company**

Issuing Office File No.: SW06102

Attached to Policy No.: [REDACTED] 9218

The insurance afforded by this endorsement is only effective if the land is used or is to be used primarily for residential purposes.

The Company insures the insured against loss or damage sustained by reason of lack of priority of the lien of the insured mortgage over:

- (a) any environmental protection lien which, at Date of Policy, is recorded in those records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge, or filed in the records of the Clerk of the United States District Court for the District in which the land is located, except as set forth in Schedule B; or
- (b) any environmental protection lien provided for by any state statute in effect at Date of Policy, except environmental protection liens provided for by the following state statutes: None.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

This endorsement shall not be valid or binding unless signed by either a duly authorized officer or agent of the Company.

Issue Date: May 1, 2006

Title Partners of Southwest Florida LLC

By: Nancy J. Palazzo  
Authorized Signatory

**FLORIDA FORM 9 ENDORSEMENT**

ISSUED BY

**First American Title Insurance Company**

Issuing Office File No.: SW06102

Attached to Policy No.: [REDACTED] 9218

The Company insures the owner of the indebtedness secured by the insured mortgage against loss or damage sustained by reason of:

1. The existence at Date of Policy of any of the following:
  - (a) Covenants, conditions or restrictions under which the lien of the mortgage referred to in Schedule A can be divested, subordinated or extinguished, or its validity, priority or enforceability impaired.
  - (b) Unless expressly excepted in Schedule B:
    - (1) There are no present violations on the land of any enforceable covenants, conditions or restrictions nor do any existing improvements on the land violate building setback lines shown on a plat of subdivision recorded or filed in the public records.
    - (2) Any instrument referred to in Schedule B as containing covenants, conditions or restrictions on the land does not, in addition (i) establish an easement on the land; (ii) provide a lien for liquidated damages; (iii) provide for a private charge or assessment; (iv) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.
    - (3) There is no encroachment of existing improvements located on the land onto adjoining land, nor any encroachment onto the land of existing improvements located on adjoining land.
    - (4) There is no encroachment of existing improvements located on the land onto that portion of the land subject to any easement excepted in Schedule B.
    - (5) There are no notices of violation of covenants, conditions, and restrictions relating to environmental protection recorded or filed in the public records.
2. Any future violation on the land of an existing covenant, condition or restriction occurring prior to the acquisition of title to the estate or interest in the land, provided the violation results in:
  - (a) Invalidity, loss of priority, or unenforceability of the lien of the insured mortgage; or,
  - (b) Loss of title to the estate or interest in the land if the insured shall acquire title in satisfaction of the indebtedness secured by the insured mortgage.
3. Damage to existing improvements (excluding lawns, shrubbery or trees):
  - (a) Which are located on or encroach upon that portion of the land subject to any easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved.
  - (b) Which results from the future exercise of any right to use the surface of the land for the extraction or development of minerals excepted from the description of the land or excepted in Schedule B.
4. Any final court order or judgment requiring the removal from any land adjoining the land of any encroachment excepted in Schedule B.
5. Any final court order or judgment denying the right to maintain any existing improvement on the land because of any violation of covenants, conditions or restrictions or building setback lines shown on a plat or subdivision recorded or filed in the public records.

Whenever in this endorsement the words "covenants, conditions or restrictions" appear, they shall not be deemed to refer to or include the terms, covenants, conditions or limitations contained in an instrument creating a lease.

As used in paragraphs 1 (b) (1) and 5 the phrase "covenants, conditions, or restrictions" shall not be deemed to refer to or include any covenants, conditions or restrictions relating to environmental protection.

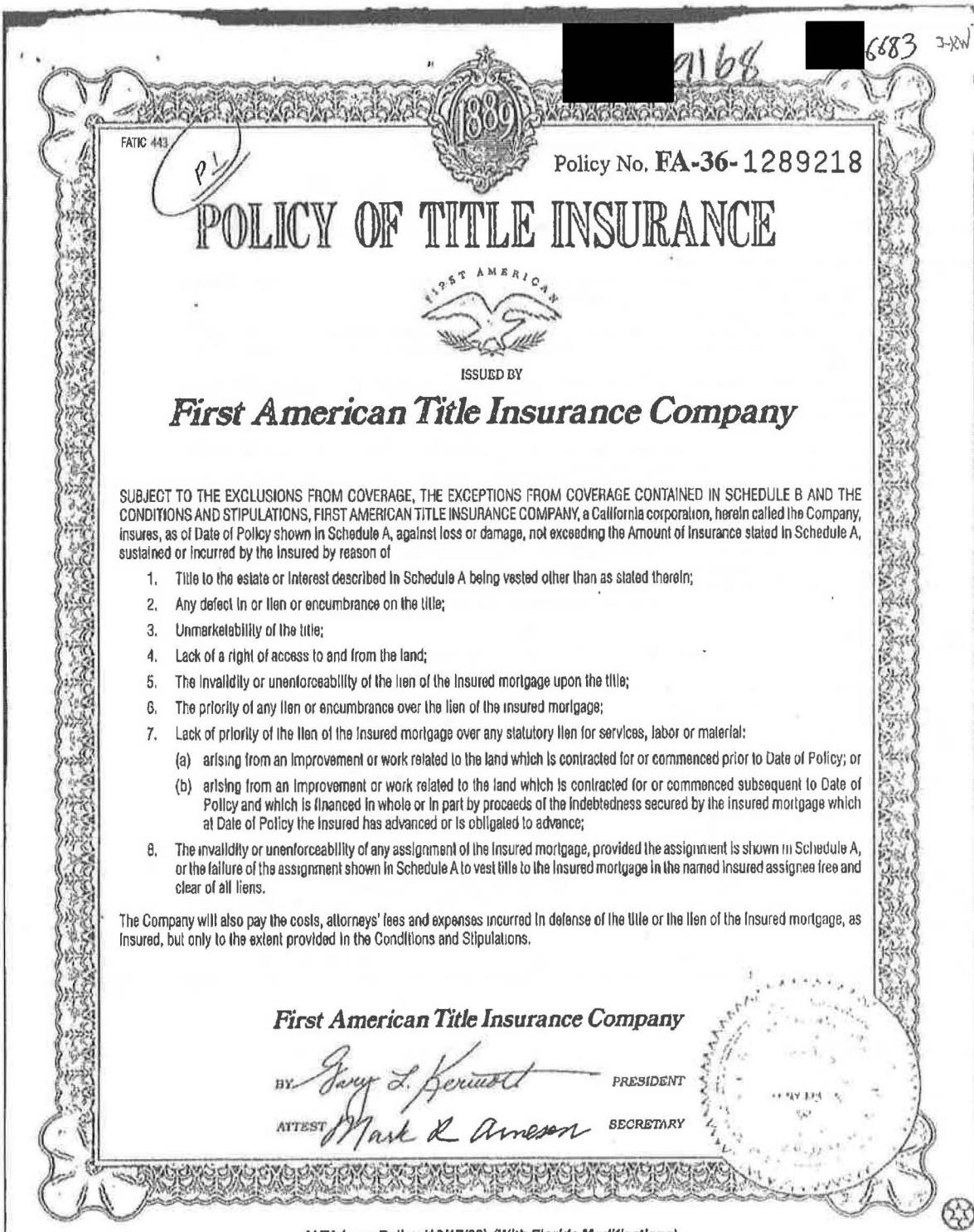
This endorsement is made a part of the policy and is subject to all the terms and provisions thereof and any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

This endorsement shall not be valid or binding unless signed by either a duly authorized officer or representative of the Company.

Issue Date: May 1, 2006

Title Partners of Southwest Florida LLC

By: Tracy J. Palgett  
Authorized Signature



### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, covenants, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the kind or any part of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
  - (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, items, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inactivity or failure of any subsequent owner of the indebtedness, to comply with applicable zoning laws or laws of the state in which the land is situated.
5. Unenforceability or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending laws.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (a) the transaction creating the interest of the insured mortgage being deemed a fraudulent conveyance or fraudulent transfer; or
  - (b) the subordination of the interest of the insured mortgage as a result of the application of the doctrine of equitable subordination; or
  - (c) the transaction creating the interest of the insured mortgage being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor

### CONDITIONS AND STIPULATIONS

#### 1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "Insured", the insured named in Schedule A. The term "Insured" also includes:
  - (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land).
  - (ii) any governmental agency or governmental instrumental which is an insurer or guarantor under an insurance contract or quarterly insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;
  - (iii) the line parties designated in Section 2(a) of these Conditions and Stipulations.
- (b) "Insured claimant", an insured claiming loss or damage.
- (c) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (d) "Land", the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the areas described or referred to in Schedule A, nor any right, title, interest, estate or easement in streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.
- (e) "Mortgage", mortgage, deed of trust, trust deed, or other security instrument.
- (f) "Public records" - records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(v) of the Exclusions From Coverage, "public records" shall also include environmental protection files filed in the records of the clerk of the United States district court for the district in which the land is located.

- (g) "Marketability of the title", an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.
2. CONTINUATION OF INSURANCE.

- (a) After Acquisition of Title. The coverage of this policy shall continue in force as of Date of Policy in favor of (i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest as acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their

obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (iii) in any other lawful act; which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest, or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

#### 5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the insured claimant, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect, lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

#### 6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following options:

- (a) To Pay or Lender Payment of the Amount of Insurance or to Purchase the Indebtedness.
- (b) To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment, or lesser of payment and

#### 8. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

(a) All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the amount of the insurance proportionally. However, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce proportionally the amount of the insurance afforded under this policy except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance proportionally. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the amount of insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in Section 2(a) of these Conditions and Stipulations.

#### 10. LIABILITY NONCUMULATIVE.

If the insured requires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is heretofore executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

#### 11. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

#### 12. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation. Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation.

**First American Title Insurance Company**

**ALTA LOAN POLICY**

Agent's File Number: SW06102

Loan Policy Number: [REDACTED] 9218

**Schedule A**

Date of Policy: May 1, 2006 at 08:00:00 AM      Amount of Insurance: \$146,150.00  
(or the date of recording of the insured  
mortgage, whichever is later)

1. Name of Insured:

Wachovia Mortgage Corporation , Its successor and/or Assigns as their interests may appear

2. The estate or interest in the land which is encumbered by the insured mortgage is:

Fee Simple

3. Title to the estate or interest in the land is vested in:

Ronald P. Gillis

4. The insured mortgage and assignments thereof, if any, are described as follows:

Mortgage executed by Ronald P. Gillis, an unmarried man, in favor of Wachovia Mortgage Corporation in the original principal amount of \$146,150.00 dated 05/01/2006 and recorded in the public records of Charlotte County, Florida.

5. The land referred to in this policy is described as follows:

See Schedule A Continuation Page for Legal Description

Title Partners of Southwest Florida LLC

By:

\_\_\_\_\_  
Anney J. Rodgett  
Authorized Signature

**First American Title Insurance Company**

**ALTA LOAN POLICY**

Agent's File Number: SW06102

Loan Policy Number: [REDACTED] 9218

**Schedule A, Continuation**

**Lot 3, Block 1422, PORT CHARLOTTE SUBDIVISION, Section 27, a Subdivision according to the plat thereof as recorded in Plat Book 5, Pages 20A thru 20F, of the Public Records of Charlotte County, Florida.**

**First American Title Insurance Company**

**ALTA LOAN POLICY**

Agent's File Number: SW06102

Loan Policy Number: [REDACTED] 9218

**Schedule B**

**Part I**

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any rights, interests, or claims affecting the land which a correct survey would disclose and which are not shown by the public records.
3. Any lien for services, labor or materials in connection with improvements, repairs or renovations provided before, on, or after Date of Policy, not shown by the public records.
4. Any dispute as to the boundaries caused by a change in the location of any water body within or adjacent to the land prior to Date of Policy, and any adverse claim to all or part of the land that is, at Date of Policy, or was previously, under water.
5. Taxes or special assessments not shown as liens in the public records or in the records of the local tax collecting authority, at Date of Policy.
6. Any minerals or mineral rights leased, granted or retained by current or prior owners.

NOTE: Items #1-#5 listed above are hereby deleted.

7. Taxes and assessments for the year 2006 and subsequent years, not yet due and payable.
8. Declaration of Covenants, Conditions, Restrictions and Easements, which contains provisions for a private charge or assessments, recorded in Book 47, Page 483 , but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
9. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of PORT CHARLOTTE SUBDIVISION, as recorded in Plat Book 5, Page(s) 20A thru 20F, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

## First American Title Insurance Company

### ALTA LOAN POLICY

Agent's File Number: SW06102

Loan Policy Number: [REDACTED] 9218

#### Notices, Where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 2075 Centre Pointe Boulevard, Tallahassee, Florida 32308-3752.

#### Service, Quality and Availability

First American Title Insurance Company cares about its customers and their availability to obtain information and services on a convenient, timely and accurate basis. A qualified staff of service representatives is dedicated to serving you.

A toll-free number is available for your convenience in obtaining information about coverage and to provide assistance in resolving complaints: 1-800-929-7186. Office hours are from 8:30 a.m. through 5:30 p.m., Monday through Friday.

corporately successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insured; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or generally insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or sale of the conveyance shall in neither event exceed the least of:

(i) the amount of insurance stated in Schedule A;

(ii) the amount of principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to this insured mortgage to insure compliance with laws or to protect the title of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, the acquisition of the estate or interest in satisfaction of its insurance contract or guarantee.

### 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(b) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice of all is not given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required, provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

### 4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 5 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only so to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or instituted a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence,

which the Company is obligated to pay:

(i) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay;

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therof.

Upon the exercise by the Company of either of the options provided for in paragraphs (i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in these paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or commence any litigation, and the policy shall be surrendered to the Company for cancellation.

(d) **To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.**

(i) to pay or otherwise settle with or for parties for or in the name of an insured any claim insured against under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay;

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or commence any litigation.

### 7. DETERMINATION AND EXTENT OF LIABILITY.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2 (c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon, or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured has acquired the estate or interest in the manner specified in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The Company will pay only those costs, attorneys' fees, and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

### 8. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the title of the insured mortgage, as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim of suit without the prior written consent of the Company.

(d) The Company shall not be liable for:

(i) any indebtedness created subsequent to Date of Policy except for advances made to protect the title of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or

(ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy

Involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection and which the Company is obligated to pay.

### (b) THE INSURED'S RIGHTS AND LIMITATIONS.

Notwithstanding the foregoing, the owner of the indebtedness secured by the insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or subdue the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

### (c) THE COMPANY'S RIGHTS AGAINST NON-INSURED OBLIGORS.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guarantees, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by agreement of the insured and/or by an obligor (except an obligor described in Section 1(e) (ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(e) of these Conditions and Stipulations.

### 13. ARBITRATION.

Unless prohibited by applicable law, arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association may be demanded if agreed to by both the Company and the insured. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy and services of the Company in connection with its issuance or the breach of a policy provision or other obligation. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the fund is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the state or the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the rules may be obtained from the Company upon request.

### 14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, such shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

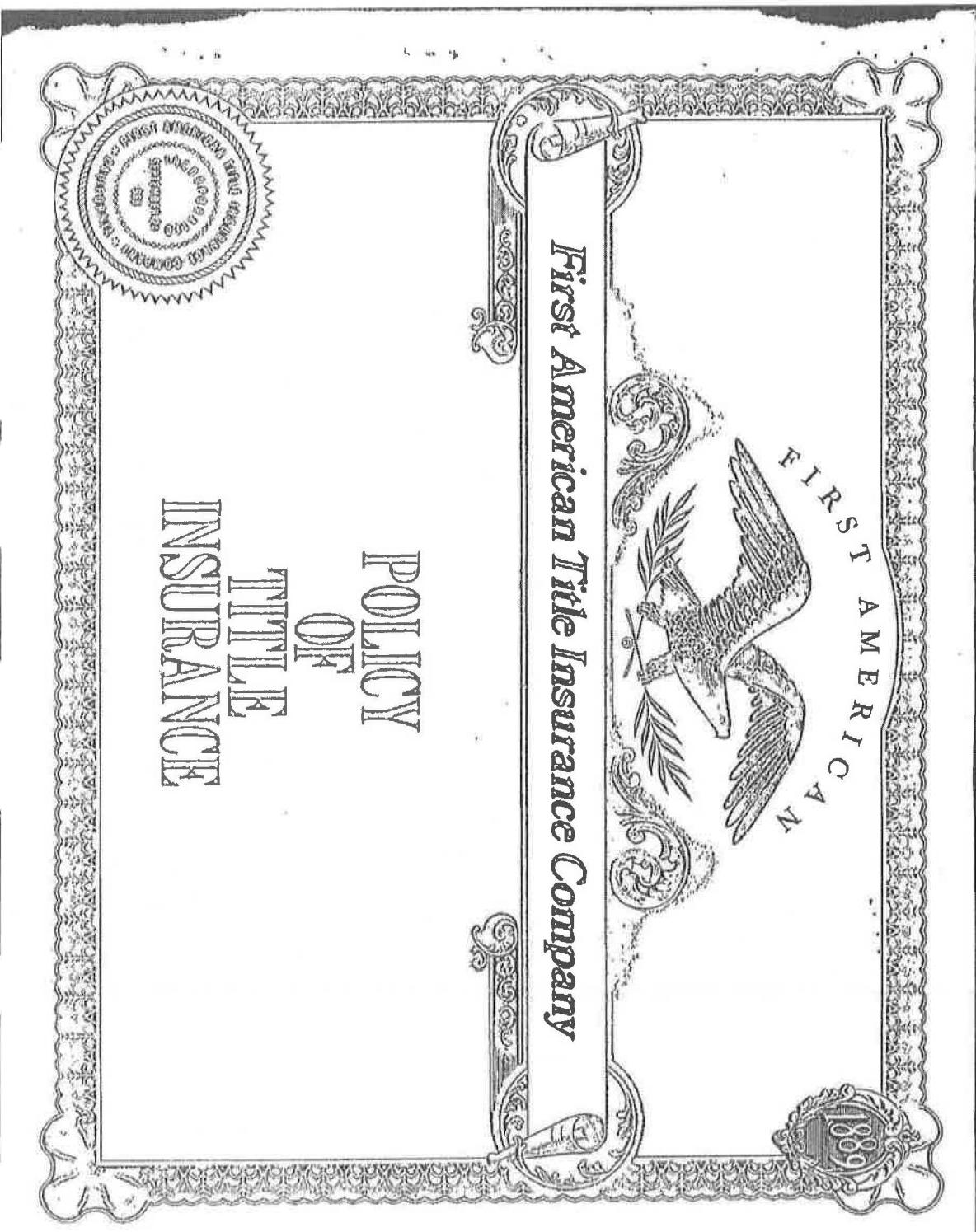
(c) No amendment or endorsement to this policy can be made except by a writing executed heron or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer of authorized signature of the Company.

### 15. SEVERABILITY.

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

### 16. NOTICES, WHERE SENT.

All notices required to be given to the Company and any statement in writing required to be furnished the Company shall include the name of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, California 92707.







## FORECLOSURE HEADER SHEET

Borrower Name RONALD P GILLIS

Loan Number 9168

Barcode: (Loan Number)

### FILE HISTORY

From	Date	To
Check In/ Review:		NE REQ. / COLFLRSH / ASSIGN./ HMEC
		IMAGING / NOTE ENDORSEMENT ISSUE

### Loan Status

CHECK IN	REVIEW
Assignment Team Requesting collateral file	File Missing Note (Send to SAVO)
e-Note	Note Endorsement Loan (Send to NE Team)
Open SLR Defi	
Nevada Mediation Alert Comments (Notify WD)	

### Note Endorsement Team

4A: Endorsed to Blank	4B: Endorsed Per Bene Vesting
4C: Note Needs End State	4D: Lost Note Affidavit Drafted

Comments \_\_\_\_\_

### Note Endorsement Main Deficiency

Satisfy  Error  Override

### Lost Note Affidavit Team

4D Lost Note Affidavit or Lost Instrument Bond Prepared	<input checked="" type="checkbox"/>	Col. File Found <u>without</u> Note
Check Review Order Defi (Special Routing Info)	<input checked="" type="checkbox"/>	Col. File not found, Pocket Folder Needed
4D Prior Lender LNA Affidavit	<input checked="" type="checkbox"/>	Active
		Pro-Active

Comments \_\_\_\_\_

9168  
GILLIS

**INTEREST FIRST NOTE**

May 1, 2006  
[Date]

CHARLOTTE, FLORIDA  
[City] [State]

21238 COACHMAN AVE PORT CHARLOTTE, FL 33952  
[Property Address]

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$ 146,150.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is WACHOVIA MORTGAGE CORPORATION. I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

**2. INTEREST**

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 6.875 %.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

**3. PAYMENTS**

(A) Time and Place of Payments

I will make a payment every month. This payment will be for interest only for the first 120 months, and then will consist of principal and interest.

I will make my monthly payment on the 1st day of each month beginning on July 1, 2006. I will make these payments every month until I have paid all of the Principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and if the payment includes both principal and interest it will be applied to interest before principal. If, on June 1, 2036, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at 1100 CORPORATE CENTER DRIVE RALEIGH, NC 27607-5066 or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$ 837.32 for the first 120 months of this Note, and thereafter will be in the amount of U.S. \$ 1,122.16. The Note Holder will notify me prior to the date of change in monthly payment.

**4. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal at any time before they are due. A payment of principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date of my monthly payment unless the Note Holder agrees in writing to those changes. However, if the partial Prepayment is made during the period when my monthly payments consist only of interest, the amount of the monthly payment will decrease for the remainder of the term when my payments consist only of interest as well as during the time that my payments consist of principal and interest. If the partial Prepayment is made during the period when my payments consist of principal and interest, the amount of my monthly payment will not decrease; however, the Principal and the interest required under this Note will be paid prior to the Maturity Date.

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GILLIS

**5. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

**6. BORROWER'S FAILURE TO PAY AS REQUIRED**

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of interest and/or principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

**7. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

**8. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**9. WAIVERS**

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

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GILLIS

**10. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**11. DOCUMENTARY TAX**

The state documentary tax due on this Note has been paid on the mortgage securing this indebtedness.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

  
RONALD P. GILLIS \_\_\_\_\_ (Seal) \_\_\_\_\_ (Seal)  
-Borrower -Borrower

*(Sign Original Only)*